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# HOUSE BILL No. 1176

Proposed Changes to January 8, 2026 printing by AM117612

## DIGEST OF PROPOSED AMENDMENT

School transportation costs. Requires school corporations and charter schools to notify the department of education (department) of school bus acquisition costs. Requires the department to certify information to the state comptroller. Requires the department to distribute money to school corporations for school bus acquisition and transportation related costs. Makes an appropriation.

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A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-29.5-18-1, AS ADDED BY P.L.171-2021,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2027]: Sec. 1. For so long as the Band makes payments in  
4 accordance with IC 4-29.5-17, the Band shall allocate a portion of the  
5 annual payment to provide funding for public **or private** postsecondary  
6 and vocational education for Band citizens (the "Pokagon Indiana  
7 Education Fund").

8 SECTION 2. IC 4-29.5-18-2, AS ADDED BY P.L.171-2021,  
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2027]: Sec. 2. The Pokagon Indiana Education Fund shall be  
11 used solely to make payments directly to Indiana public **or private**  
12 institutions of higher learning or workforce development and training  
13 programs approved by the Indiana Department of Workforce  
14 Development for eligible Band citizens for direct costs and expenses,  
15 such as tuition, on-campus room and board, and other direct education  
16 expenses. To be eligible, a Band citizen must (i) be enrolled in the  
17 Band prior to benefitting from any payment, and (ii) meet the education  
18 or workforce provider admission requirements. Priority shall be given

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1 to Band citizens who are legal residents of the State of Indiana as of the  
 2 date of their application for benefits.

3 SECTION 3. IC 6-1.1-17-3.1, AS AMENDED BY P.L.136-2024,  
 4 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5 JULY 1, 2026]: Sec. 3.1. (a) This section:

6 (1) applies only to an operating referendum tax levy under  
 7 IC 20-46-1 approved by the voters before January 1, 2023, that  
 8 is imposed by a school corporation for taxes first due and  
 9 payable in 2024 and 2025;

10 (2) does not apply to an operating referendum tax levy under  
 11 IC 20-46-1:

12 (A) approved by the voters during a time that the school  
 13 corporation imposing the levy was designated as a  
 14 distressed political subdivision; or

15 (B) approved by the voters after December 31, 2022, and  
 16 before January 1, 2025, that is imposed by a school  
 17 corporation for taxes first due and payable in 2024 or 2025;  
 18 and

19 (3) does not apply to any other tax year.

20 (b) As used in this section, "ADM" refers to the school  
 21 corporation's average daily membership used to determine the state  
 22 tuition support distribution under IC 20-43. In the case of a school  
 23 corporation that has entered into an agreement with one (1) or more  
 24 charter schools to participate as an innovation network charter school  
 25 under IC 20-25.7-5, the term includes the average daily membership of  
 26 **students described in IC 20-25.7-5-2(b)(2)** of any innovation network  
 27 charter school that is treated as a school operated by the school  
 28 corporation **with regard to students described in**  
 29 **IC 20-25.7-5-2(b)(2)** when calculating the total amount of state tuition  
 30 support to be distributed to the school corporation.

31 (c) Notwithstanding any increase in the assessed value of property  
 32 from the previous assessment date, for taxes first due and payable in  
 33 2024, the total amount of operating referendum tax that may be levied  
 34 by a school corporation may not exceed the lesser of:

35 (1) the maximum operating referendum tax that could have been  
 36 levied by the school corporation if the maximum referendum rate  
 37 was imposed for taxes first due and payable in 2023 multiplied  
 38 by one and three-hundredths (1.03); or

39 (2) the maximum operating referendum tax that could otherwise  
 40 be levied by the school corporation for taxes first due and  
 41 payable in 2024.

42 The tax rate for an operating referendum tax levy shall be decreased,

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1 if necessary, to comply with this limitation.

2 (d) Notwithstanding any increase in the assessed value of property  
 3 from the previous assessment date, for taxes first due and payable in  
 4 2025, the total amount of operating referendum tax that may be levied  
 5 by a school corporation may not exceed the lesser of the following:

6 (1) The maximum operating referendum tax that could have  
 7 been levied by the school corporation if the maximum  
 8 referendum rate was imposed for taxes first due and payable in  
 9 the immediately preceding calendar year, as adjusted by this  
 10 section, multiplied by the result determined under STEP SEVEN  
 11 of the following formula:

12 STEP ONE: Subtract:

13 (i) the school corporation's spring count of ADM made  
 14 in the calendar year preceding by five (5) years the  
 15 calendar year in which the property taxes are first due  
 16 and payable; from

17 (ii) the school corporation's spring count of ADM  
 18 made in the immediately preceding calendar year.

19 STEP TWO: Divide the STEP ONE result by four (4).

20 STEP THREE: Divide the STEP TWO result by the school  
 21 corporation's spring count of ADM made in the calendar  
 22 year preceding by five (5) years the calendar year in which  
 23 the property taxes are first due and payable.

24 STEP FOUR: Multiply the STEP THREE amount by one  
 25 and five-tenths (1.5).

26 STEP FIVE: Add the STEP FOUR result and one and  
 27 six-hundredths (1.06).

28 STEP SIX: Determine the greater of the STEP FIVE result  
 29 or one and six-hundredths (1.06).

30 STEP SEVEN: Determine the lesser of the STEP SIX result  
 31 or one and twelve-hundredths (1.12).

32 (2) The maximum operating referendum tax that could otherwise  
 33 be levied by the school corporation for taxes first due and  
 34 payable in the current calendar year.

35 The tax rate for an operating referendum tax levy shall be decreased,  
 36 if necessary, to comply with this limitation.

37 (e) The department of education shall provide to the department  
 38 of local government finance each school corporation's applicable ADM  
 39 counts as needed to make the determinations under this section.

40 SECTION 4. IC 20-24-11-5 IS ADDED TO THE INDIANA  
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 42 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) An existing public

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1       **elementary or secondary school may be converted into a charter**  
 2       **school if the governing body of the school corporation:**  
 3        (1) **votes to convert the school within the school corporation;**  
 4        **and**  
 5        (2) **submits to an authorizer a proposal described in**  
 6        **IC 20-24-3-4 to convert the school within the school**  
 7        **corporation to a charter school.**  
 8        (b) **The governing body of the school corporation described in**  
 9        **subsection (a) may not serve as the authorizer of the charter school**  
 10       **converted in accordance with this section.**  
 11       (c) **The organizer of a conversion charter school described in**  
 12       **this section may be:**  
 13        (1) **the school corporation; or**  
 14        (2) **a nonprofit corporation that:**  
 15           (A) **is established by the school corporation;**  
 16           (B) **is incorporated or registered in Indiana;**  
 17           (C) **has been recognized by the Internal Revenue Service**  
 18           **to be tax exempt and maintains such tax exempt status;**  
 19           **and**  
 20           (D) **has an independent board whose members have**  
 21           **been elected or selected under the organizer's**  
 22           **application and that has entered into a contract under**  
 23           **this article to operate a charter school.**  
 24        (d) **The governing body of a school corporation may convert**  
 25        **more than one (1) existing public elementary or secondary school**  
 26        **within the school corporation under this section. The school**  
 27        **corporation or an organizer that is a nonprofit corporation**  
 28        **established by the school corporation under subsection (c)(2) may:**  
 29           (1) **submit a separate proposal for each school to an**  
 30           **authorizer; or**  
 31           (2) **with the approval of the authorizer, operate two (2) or**  
 32           **more schools under a single charter, provided that each**  
 33           **school site:**  
 34            (A) **is identified in the charter application and charter;**  
 35            **and**  
 36            (B) **is subject to the performance conditions,**  
 37           **accountability measures, and renewal determinations**  
 38           **established in the charter.**  
 39        (e) **A conversion charter school described in this section shall**  
 40        **comply with the following:**  
 41           (1) **All legal requirements described in section 1(d) of this**  
 42           **chapter.**

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3 SECTION 5. IC 20-25.7-5-1.5 IS ADDED TO THE INDIANA  
4 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
5 [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. A board may not at the same**  
6 **time both:**

7                   (1) be an authorizer of a charter school; and  
8                   (2) enter into or have an agreement under this chapter with  
9                   the charter school.

10 SECTION 6. IC 20-25.7-5-2, AS AMENDED BY P.L.213-2025,  
11 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) The A board may enter into  
13 an agreement with an organizer to:

18 (A) selected by the board; within the boundary of the school  
19 corporation; or  
20 (B) within the geographic boundaries of any school  
21 corporation with which the organizer enters into an  
22 agreement under this chapter.

22 **agreement under this chapter.**  
23 Notwithstanding IC 20-26-7.1, a participating innovation network  
24 charter school may be established within a vacant school building.

24 charter school may be established within a vacant school building.  
25 (b) The terms of the agreement entered into between ~~the~~ **a** board  
26 of a school corporation and an organizer must specify the following:

26 or a school corporation and an organizer must specify the following:  
27 (1) A statement that the organizer authorizes the department to  
28 include the charter school's performance assessment results  
29 under IC 20-31-8 **for students who reside within the**  
30 **geographic boundaries of the school corporation** when  
31 calculating the school corporation's performance assessment  
32 under rules adopted by the state board.

(2) Subject to an administrative fee as described in subsection (g), a statement that the school corporation will distribute at least one hundred percent (100%) of state tuition support dollars that the school corporation receives **from student enrollment for students who:**

37 students who:  
38 (A) reside within the geographic boundaries of the  
39 school corporation; and

39 school corporation, and  
40 **(B)** are enrolled in the participating innovation network  
41 charter school;

42 in accordance with the school funding formula to the

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1 participating innovation network charter school (if the  
2 participating innovation network charter school is, **with regard**  
3 **to students described in this subsection**, treated in the same  
4 manner as a school operated by the school corporation under  
5 subsection (d)(2)).

6 (3) The performance goals and accountability metrics agreed  
7 upon for the charter school in the charter agreement between the  
8 organizer and the authorizer and a statement that the school  
9 corporation is prohibited from setting additional performance  
10 goals or accountability metrics.

11 (4) For an agreement entered into or renewed after June 30,  
12 2023, the process the board is required to follow in determining  
13 whether to renew the agreement.

14 (5) The amount of money levied as property taxes that will be  
15 distributed by the school corporation to the organizer.

16 (6) Subject to section 5 of this chapter, the participating  
17 innovation network charter school's enrollment and discipline  
18 policies, including defined attendance areas and enrollment  
19 zones.

20 (7) A statement that the innovation agreement shall not create an  
21 obligation that would cause the organizer to be in violation of its  
22 charter agreement (as described in IC 20-24-1-3).

23 (c) If an organizer and ~~the~~ a board enter into an agreement under  
24 subsection (a), the organizer and the board shall notify the department  
25 that the agreement has been made under this section within thirty (30)  
26 days after the agreement is entered into.

27 (d) Upon receipt of the notification under subsection (c), for  
28 school years starting after the date of the agreement:

29 (1) the department shall include the participating innovation  
30 network charter school's performance assessment results under  
31 IC 20-31-8 **for students who reside within the geographic**  
32 **boundaries of the school corporation** when calculating the  
33 school corporation's performance assessment under rules  
34 adopted by the state board;

35 (2) the department shall:

36 (A) treat the participating innovation network charter school  
37 in the same manner as a school operated by the school  
38 corporation **with regard to students residing within the**  
39 **geographic boundaries of the school corporation** when  
40 calculating the total amount of state funding to be  
41 distributed to the school corporation unless subsection (e)  
42 applies; and

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**(B) in determining the school corporation's enrollment, include only eligible pupils enrolled in the participating innovation network charter school who reside within the geographic boundaries of the school corporation.**

(3) if requested by a participating innovation network charter school that reconstitutes an eligible school, the department may use student growth as the state board's exclusive means to determine the innovation network charter school's category or designation of school improvement under 511 IAC 6.2-10-10 for a period of three (3) years. Beginning with the 2019-2020 school year, the department may not use student growth as the state board's exclusive means to determine an innovation network

This subdivision expires July 1, 2023.

June 30, 2021.

(f) If the board or organizer fails to follow the process described in subsection (b)(4), the board or organizer may appeal to the state board. The state board shall hear the appeal in a public meeting and ensure that the board or organizer follows the renewal process specified in the agreement. The board may not terminate an agreement until the board has provided evidence to the state board that the board has complied with the renewal process specified in the agreement. The state board shall issue a decision on an appeal under this subsection not later than sixty (60) days after the date the board or organizer submitted the appeal to the state board.

42 (1) reside within the geographic boundaries of the school

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1 **corporation; and**

7 SECTION 7. IC 20-25.7-5-2.5 IS ADDED TO THE INDIANA  
8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2026]: **Sec. 2.5. In addition to any state**  
10 **tuition support dollars a participating innovation network charter**  
11 **school receives from a school corporation under this chapter, the**  
12 **department shall treat the participating innovation network**  
13 **charter school as a charter school when calculating the tuition**  
14 **support to be distributed to the innovation network charter school**  
15 **for students of the innovation network charter school who do not**  
16 **reside within the geographic boundaries of a school corporation**  
17 **with which the innovation network charter school has an**  
18 **agreement under this chapter.**

19 SECTION 8. IC 20-25.7-5-5, AS AMENDED BY P.L.220-2021,  
20 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JULY 1, 2026]: Sec. 5. (a) IC 20-24-5-5 (with the exception of  
22 IC 20-24-5-5(g)) does not apply to a participating innovation network  
23 charter school that enters into an agreement with the board to  
24 reconstitute or establish an eligible school.

25 (b) Except as provided in subsections (c) and (d), a participating  
26 innovation network charter school must enroll any eligible student who  
27 submits a timely application for enrollment.

28 (c) A participating innovation network charter school that  
29 reconstitutes or establishes an eligible school may limit new  
30 admissions to the participating innovation network charter school to:

(1) ensure that any student with legal settlement in the attendance area, or in the school corporation **any school corporation with which the participating innovation network charter school has entered into an agreement under this chapter** if the school does not have a defined attendance area, may attend the charter school;

37 (2) ensure that a student who attends the participating innovation  
38 network charter school during a school year may continue to  
39 attend the charter school in subsequent years;

(3) allow the siblings of a student alumnus or a current student who attends the participating innovation network charter school to attend the charter school;

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1 (4) allow preschool students who attend a Level 3 or Level 4  
2 Paths to QUALITY program preschool to attend kindergarten at  
3 the participating innovation network charter school if the  
4 participating innovation network charter school and the school  
5 corporation or preschool provider have entered into an  
6 agreement to share services or facilities;

7 (5) allow each student who qualifies for free or reduced price  
8 lunch under the national school lunch program to receive  
9 preference for admission to the participating innovation network  
10 charter school if the preference is specifically provided for in the  
11 charter and is approved by the authorizer; and

11 charter and is approved by the authorizer, and  
12 (6) allow each student who attended a turnaround academy or  
13 attends a school that is located in the same school building as the  
14 participating innovation network charter school to receive  
15 preference for admission to the participating innovation network  
16 charter school if the preference is specifically provided for in the  
17 participating innovation network charter school's charter and is  
18 approved by the authorizer of the participating innovation  
19 network charter school.

23 (1) the student:

24 (A) has completed fewer than twenty-two (22) academic  
25 credits required for graduation; and

26 (B) will be in the grade 11 cohort during the school year in  
27 which the student seeks to enroll in the participating  
28 innovation network charter school; or

29 (2) the student has been suspended (as defined in IC 20-33-8-7)  
30 or expelled (as defined in IC 20-33-8-3) during the twelve (12)  
31 months immediately preceding the student's application for  
32 enrollment for:

33 (A) ten (10) or more school days;  
34 (B) a violation under IC 20-33-8-16;  
35 (C) causing physical injury to a student, a school employee,  
36 or a visitor to the school; or  
37 (D) a violation of a school corporation's drug or alcohol  
38 rules.

For purposes of subdivision (2)(A), student discipline received under IC 20-33-8-25(b)(7) for a violation described in subdivision (2)(B) through (2)(D) must be included in the calculation of the number of school days that a student has been suspended.

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10 (f) This subsection applies to an existing charter school that enters  
11 into an innovation network agreement with the ~~a~~ board. During the  
12 charter school's first year of operation as a participating innovation  
13 network charter school, the charter school may limit admission to:

14 (1) those students who were enrolled in the charter school on the  
15 date it entered into the innovation network agreement; and  
16 (2) siblings of students described in subdivision (1).

(g) This subsection applies if the number of applications for a program, class, grade level, or building exceeds the capacity of the program, class, grade level, or building. If a participating innovation network charter school receives a greater number of applications than there are spaces for students, each timely applicant must be given an equal chance of admission. The participating innovation network charter school that is not in a county containing a consolidated city must determine which of the applicants will be admitted to the participating innovation network charter school or the program, class, grade level, or building by random drawing in a public meeting with each timely applicant limited to one (1) entry in the drawing. However, the participating innovation network charter school located in a county with a consolidated city shall determine which of the applicants will be admitted to the participating innovation network charter school or the program, class, grade level, or building by using a publicly verifiable random selection process.

33 SECTION 9. IC 20-25.7-5-6, AS ADDED BY P.L.162-2024,  
34 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
35 JULY 1, 2026]: Sec. 6. (a) Subject to an administrative fee as described  
36 in section 2(g) of this chapter, a school corporation that enters into an  
37 agreement with an organizer under this chapter shall distribute at least  
38 one hundred percent (100%) of state tuition support dollars that the  
39 school corporation receives from **student enrollment** **students who:**

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1 school;  
2 in accordance with the school funding formula to the participating  
3 innovation network charter school.

4 (b) Unless an agreement entered into before July 1, 2024, between  
5 a board and an organizer provides otherwise, all participating  
6 innovation network charter schools operating under existing  
7 agreements with boards as of July 1, 2024, will receive funds as  
8 required under subsection (a).

9       [ SECTION 10. IC 20-27-15 IS ADDED TO THE INDIANA CODE  
10      AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
11      JULY 1, 2026]:

Chapter 15. State Payment of School Bus Acquisition Costs  
Sec. 1. This chapter applies to costs incurred by school  
corporations for transportation of students after December 31,  
2027.

16 Sec. 2. Notwithstanding any other law, the state shall provide  
17 school corporations with the necessary funds to pay costs incurred  
18 by school corporations for transportation of students after  
19 December 31, 2027, as provided under this chapter.

20                   Sec. 3. (a) Except as provided in section 4 of this chapter,  
21                   beginning January 1, 2028, not later than the 10th day of each  
22                   month, each school corporation shall provide written notice to the  
23                   department of the total amount owed in the ensuing month for  
24                   costs related to school buses, including payment of any debt service  
25                   related to the acquisition or maintenance of school buses.

Sec. 4. Not later than forty-eight (48) hours after receiving the notices described in section 3 of this chapter, the department shall certify to the state comptroller:

36 (2) if the certification is being provided in January of a  
37 calendar year, the number of school corporations that  
38 provided the notice described in section 3(b) of this chapter.

**Sec. 5. Not later than three (3) business days after receiving the notice under section 4 of this chapter, the state comptroller shall issue a warrant to the treasurer of state ordering the distribution from the state general fund to the department of the following**

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1       amounts:

2       (1) The total amount for all school corporations certified  

3       under section 3(a) of this chapter.

4       (2) If the notice was received in January of a calendar year,  

5       two hundred fifty thousand dollars (\$250,000) for each  

6       school corporation that provided the notice described in  

7       section 3(b) of this chapter.

8       Sec. 6. The department shall distribute to each school  

9       corporation from the amounts received from the state comptroller:

10      (1) not later than the 25th of each month in the case of a  

11      school corporation that submitted a notice described in  

12      section 3(a) of this chapter, the amount owed by the school  

13      corporation in the ensuing month for school bus related  

14      costs; and

15      (2) not later than January 25 of each year in the case of a  

16      school corporation described in section 3(b) of this chapter,  

17      two hundred fifty thousand dollars (\$250,000) to be used for  

18      transportation related expenses.

19      Sec. 7. There is appropriated from the state general fund in the  

20      state fiscal year beginning July 1, 2027, and ending June 30, 2028,  

21      and in each state fiscal year thereafter, a sufficient amount to carry  

22      out the provisions of this chapter.

23      1 SECTION 1~~↔~~[1]. IC 20-32-6.5-3, AS ADDED BY  

24      P.L.180-2025, SECTION 4, IS AMENDED TO READ AS FOLLOWS  

25      [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) Beginning with the  

26      2026-2027 school year, if a school determines that a student in  

27      kindergarten through grade 8 is at risk of not achieving grade level  

28      proficiency in mathematics as determined by an analysis of the  

29      student's data from:

30       (1) a grade level screener approved by the department; or  

31       (2) a through-year statewide assessment;

32      the school must provide intervention that meets the requirements under  

33      subsection (b).

34      (b) A school shall provide intervention to a student described in  

35      subsection (a) that meets the following conditions:

36       (1) The intervention includes a multtiered system of support that  

37       progresses from less to more intensive support based on the  

38       student's individual needs.

39       (2) The intervention is aligned to daily Tier I instruction and  

40       standard level learning progressions.

41       (3) The intervention is:

42       (A) targeted;

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- (B) differentiated; and
- (C) supplemental to Tier I instruction

#### (4) The intervention:

(A) is aligned with evidence based instructional strategies to promote conceptual understanding, procedural fluency, and real world problem solving; and

(B) allows a student opportunities to interact, show progress, and demonstrate understanding through rigorous grade level content.

The intervention includes continual assessment and in depth analysis of each student's data to inform the flexible movement

in and out of Tiers II and III.

**(c) Not later than fifteen (15) days after a school makes a determination under subsection (a) that a student is at risk, the school shall provide notice to a parent of the student regarding the determination. The notification may contain the following:**

(1) Specific information about how the student is performing.  
(2) Information about the intervention the student will

receive from the school.

(3) A list or description of any recommended resources available for use at home to support the student's academic growth in mathematics.

(e) (d) The department shall provide guidance on the multtiered system that a school is required to provide under subsection (b).

SECTION 1~~2~~[2]. IC 20-43-13-4, AS AMENDED BY P.L.213-2025, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as provided in subsections (c) and (d), the complexity index is the percentage of the school corporation's students who were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, Temporary Assistance for Needy Families (TANF) benefits, or foster care services as of October 1 in the school year ending in the later of:

(1) 2025; or

(2) the first year of operation of the school corporation.

(b) For a conversion charter school, the percentage determined under this section is the percentage of the sponsor school corporation.

(c) Except as provided in subsection (d), the complexity index for a school corporation that has entered into an agreement with one (1) or more charter schools to participate as an innovation network charter school under IC 20-25.7-5 for a state fiscal year is equal to the result using the following formula:

## STEP ONE: Determine:

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(A) the school corporation's enrollment; minus  
(B) the enrollment of students described in  
**IC 20-25.7-5-2(b)(2)** of each participating innovation  
network charter school.

5 STEP TWO: Determine the number of students in the school  
6 corporation who were receiving Supplemental Nutrition  
7 Assistance Program (SNAP) benefits, Temporary Assistance for  
8 Needy Families (TANF) benefits, or foster care services as of  
9 October 1 in the school year ending in 2025, not including  
10 students enrolled in each participating innovation network  
11 charter school.

23 (A) 2025; or  
24 (B) the first year of operation of the participating innovation  
25 network charter school.

26                   STEP SIX: Divide the result of STEP FIVE by the result of  
27                   STEP FOUR.

28 STEP SEVEN: For each participating innovation network charter  
29 school, determine the greater of:

30 (A) the result of STEP THREE; or  
31 (B) the result of STEP SIX.

32 STEP EIGHT: For each participating innovation network charter  
33 school, multiply the result of STEP SEVEN by the result of  
34 STEP FOUR

#### 35 STEP NINE: Determine the sum of:

35 STEP NINE: Determine the sum of:  
36 (A) the result of STEP TWO; plus  
37 (B) the results of STEP EIGHT;  
38 innovation network charter school

## STEP TEN: Determine the sum of:

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1                   STEP ELEVEN: Divide the STEP NINE result by the STEP  
 2                   TEN result.

3                   (d) If the complexity index of a participating innovation network  
 4                   charter school that was established before January 1, 2016, is, for the  
 5                   current school year, greater than the complexity index for the school  
 6                   corporation with which the innovation network charter school has  
 7                   contracted, the complexity index of the participating innovation  
 8                   network charter school is determined as described in IC 20-25.7-5-2(e).

9                   SECTION 1~~2~~<sup>3</sup>, IC 20-51-1-5, AS AMENDED BY  
 10                  P.L.162-2024, SECTION 27, IS AMENDED TO READ AS  
 11                  FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. "Eligible student"  
 12                  refers to an individual who:

- 13                   (1) has legal settlement in Indiana;
- 14                   (2) is at least four (4) years of age and less than twenty-two (22)  
 15                   years of age on October 1 of the applicable school year; **and**
- 16                   (3) either has been or is currently enrolled in a participating  
 17                   school. **and**
- 18                   (4) is a member of a household with an annual income of not  
 19                   more than four hundred percent (400%) of the amount required  
 20                   for the individual to qualify for the federal free or reduced price  
 21                   lunch program.

22                   SECTION 1~~2~~<sup>3</sup>, IC 20-51.4-4-1, AS AMENDED BY  
 23                  P.L.213-2025, SECTION 211, IS AMENDED TO READ AS  
 24                  FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,  
 25                  2022, a parent of an eligible student or an emancipated eligible student  
 26                  may establish an Indiana education scholarship account for the eligible  
 27                  student by entering into a written agreement with the department on a  
 28                  form prepared by the department. The department shall establish a date  
 29                  by which an application to establish an ESA account for the upcoming  
 30                  school year must be submitted. However, for a school year beginning  
 31                  after July 1, 2022, applications must be submitted for an eligible  
 32                  student not later than September 1 for the immediately following  
 33                  school year. The ESA account of an eligible student shall be made in  
 34                  the name of the eligible student. The department shall make the  
 35                  agreement available on the website of the department. To be eligible,  
 36                  a parent of an eligible student or an emancipated eligible student  
 37                  wishing to participate in the ESA program must agree that:

- 38                   (1) subject to subsection (i), a grant deposited in the eligible  
 39                   student's ESA account under section 2 of this chapter and any  
 40                   interest that may accrue in the ESA account will be used only for  
 41                   the eligible student's ESA qualified expenses;
- 42                   (2) if the eligible student participates in the CSA program, a

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1 grant deposited in the eligible student's ESA account under  
 2 IC 20-51.4-4.5-3 and any interest that may accrue in the ESA  
 3 account will be used only for the eligible student's ESA qualified  
 4 expenses;

5 (3) money in the ESA account when the ESA account is  
 6 terminated ~~reverts~~ **does not revert** to the state general fund **and**  
 7 **remains available to provide grants to eligible students under**  
 8 **this chapter;**

9 (4) the parent of the eligible student or the emancipated eligible  
 10 student will use part of the money in the ESA account:

11 (A) for the eligible student's study in the subject of reading,  
 12 grammar, mathematics, social studies, or science; or

13 (B) for use in accordance with the eligible student's:

14 (i) individualized education program;

15 (ii) service plan developed under 511 IAC 7-34;

16 (iii) choice special education plan developed under 511  
 17 IAC 7-49; or

18 (iv) plan developed under Section 504 of the federal  
 19 Rehabilitation Act of 1973, 29 U.S.C. 794;

20 (5) the eligible student will not be enrolled in a school that  
 21 receives tuition support under IC 20-43; and

22 (6) the eligible student will take the statewide summative  
 23 assessment, as applicable based on the eligible student's grade  
 24 level, as provided under IC 20-32-5.1, or the assessment  
 25 specified in the eligible student's:

26 (A) individualized education program developed under  
 27 IC 20-35;

28 (B) service plan developed under 511 IAC 7-34;

29 (C) choice special education plan developed under 511  
 30 IAC 7-49; or

31 (D) plan developed under Section 504 of the federal  
 32 Rehabilitation Act of 1973, 29 U.S.C. 794.

33 (b) A parent of an eligible student may enter into a separate  
 34 agreement under subsection (a) for each child of the parent. However,  
 35 not more than one (1) ESA account may be established for each  
 36 eligible student.

37 (c) The ESA account must be established under subsection (a) by  
 38 a parent of an eligible student or an emancipated eligible student for a  
 39 school year on or before a date established by the department which  
 40 must be at least thirty (30) days before the fall count day of ADM  
 41 established under IC 20-43-4-3. A parent of an eligible student or an  
 42 emancipated eligible student may not enter into an agreement under

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1       this section or maintain an ESA account under this chapter if the  
 2       eligible student receives a choice scholarship under IC 20-51-4 for the  
 3       same school year. An eligible student may not receive a grant under  
 4       section 2 of this chapter if the eligible student is currently included in  
 5       a school corporation's ADM count under IC 20-43-4.

6       (d) Except as provided in subsections (e) and (f), an agreement  
 7       made under this section is valid for one (1) school year while the  
 8       eligible student is in kindergarten through grade 12 and may be  
 9       renewed annually. Upon graduation, or receipt of a certificate of  
 10      completion under the eligible student's individualized education  
 11      program, the eligible student's ESA account is terminated.

12      (e) An agreement entered into under this section terminates  
 13      automatically for an eligible student if:

14       (1) the eligible student no longer resides in Indiana while the  
 15       eligible student is eligible to receive grants under section 2 of  
 16       this chapter; or

17       (2) the ESA account is not renewed within three hundred  
 18       ninety-five (395) days after the date the ESA account was either  
 19       established or last renewed.

20      If an ESA account is terminated under this section, money in the  
 21      eligible student's ESA account, including any interest accrued, ~~reverts~~  
 22      **does not revert** to the state general fund **and remains available to**  
 23      **provide grants to eligible students under this chapter.**

24       (f) An agreement made under this section for an eligible student  
 25       while the eligible student is in kindergarten through grade 12 may be  
 26       terminated before the end of the school year if the parent of the eligible  
 27       student or the emancipated eligible student notifies the department in  
 28       a manner specified by the department.

29       (g) A distribution made to an ESA account under section 2 of this  
 30       chapter is considered tax exempt as long as the distribution is used for  
 31       an ESA qualified expense. The amount is subtracted from the  
 32       definition of adjusted federal gross income under IC 6-3-1-3.5 to the  
 33       extent the distribution used for the ESA qualified expense is included  
 34       in the taxpayer's adjusted federal gross income under the Internal  
 35       Revenue Code.

36       (h) The department shall establish a student test number as  
 37       described in IC 20-19-3-9.4 for each eligible student.

38       (i) A student described in IC 20-51.4-2-4(3)(B) may not use the  
 39       money deposited into the eligible student's ESA account for ESA  
 40       qualified expenses described in IC 20-51.4-2-9(a)(3),  
 41       IC 20-51.4-2-9(a)(6), IC 20-51.4-2-9(a)(7), or IC 20-51.4-2-9(a)(9).

42       SECTION 1~~4~~<sup>4</sup>5. IC 20-51.4-4-2, AS AMENDED BY

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1 P.L.213-2025, SECTION 212, IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible  
 3 student who currently maintains an ESA account is entitled to an ESA  
 4 annual grant amount for each school year until the student graduates or  
 5 obtains a certificate of completion under the student's individualized  
 6 education program. An eligible student may not receive a grant under  
 7 this section after graduating or obtaining a certificate of completion.  
 8 The ESA annual grant amount shall be paid from the ESA program  
 9 fund. The department shall deposit the ESA annual grant amount under  
 10 this section, in quarterly deposits, into an eligible student's ESA  
 11 account.

12 (b) Except as provided in subsection (c), at the end of the year in  
 13 which an ESA account is established, the parent of an eligible student  
 14 or the emancipated eligible student may roll over for use in a  
 15 subsequent year a maximum of one thousand dollars (\$1,000).  
 16 However, for each year thereafter, the parent of the eligible student or  
 17 the emancipated eligible student may roll over one thousand dollars  
 18 (\$1,000) plus any amount rolled over in a previous year.

19 (c) An eligible student's ESA account shall terminate the later of:  
 20 (1) the date the student graduates high school; or  
 21 (2) July 1 of the year in the year which the student graduates  
 22 high school.

23 Any money, including interest that remains in the eligible student's  
 24 ESA account when it terminates under this subsection ~~reverts does not~~  
 25 **revert to the state general fund and remains available to provide**  
 26 **grants to eligible students under this chapter.**

27 SECTION 1~~5~~<sup>6</sup>. IC 20-51.4-4-3, AS AMENDED BY  
 28 P.L.213-2025, SECTION 213, IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana  
 30 education scholarship account program fund is established for the  
 31 purpose of providing grants to eligible students under the ESA  
 32 program. Money appropriated to the fund may be used to provide  
 33 grants under this chapter in the manner prescribed in section 2 of this  
 34 chapter.

35 (b) The department shall administer the ESA program fund.  
 36 (c) The ESA program fund consists of the following:  
 37 (1) Appropriations by the general assembly.  
 38 (2) Interest deposited in the ESA program fund under subsection  
 39 (d).

40 (d) The treasurer of state shall invest money in the ESA program  
 41 fund not currently needed to meet the obligations of the ESA program  
 42 fund in the same manner as other public money may be invested.

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1 Interest that accrues from these investments shall be deposited in the  
 2 ESA program fund.

3 (e) Money in the ESA program fund at the end of a state fiscal  
 4 year ~~reverts~~ **does not revert** to the state general fund **and remains in**  
 5 **the fund for the purposes of the fund.**

6 SECTION 1 ~~↔~~<sup>[7]</sup> IC 20-51.4-4-3.5, AS AMENDED BY  
 7 P.L.213-2025, SECTION 214, IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.5. (a) The Indiana  
 9 education scholarship account administration fund is established for the  
 10 purpose of accepting money for the Indiana education scholarship  
 11 account program to support administration of the ESA program.

12 (b) The department shall administer the fund.

13 (c) The fund consists of the following:

14 (1) Appropriations by the general assembly.

15 (2) Interest deposited in the fund under subsection (d).

16 (d) The treasurer of state shall invest money in the fund not  
 17 currently needed to meet the obligations of the fund in the same  
 18 manner as other public money may be invested. Interest that accrues  
 19 from these investments shall be deposited in the fund.

20 (e) Money in the fund at the end of a state fiscal year ~~reverts~~ **does**  
 21 **not revert** to the state general fund **and remains in the fund for the**  
 22 **purposes of the fund.**

23 SECTION 1 ~~↔~~<sup>[8]</sup> IC 20-51.4-4.5-1, AS AMENDED BY  
 24 P.L.213-2025, SECTION 220, IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,  
 26 2023, a parent of a career scholarship student or an emancipated career  
 27 scholarship student may establish a career scholarship account for the  
 28 career scholarship student by entering into a written agreement with the  
 29 department on a form prepared by the department. An application to  
 30 establish a CSA account, or an application to participate in the CSA  
 31 program with an ESA account, must be submitted not later than  
 32 October 1 for the school year. Subject to subsection (f), the CSA  
 33 account of a career scholarship student must be made in the name of  
 34 the career scholarship student. The department shall make the  
 35 agreement available on the website of the department.

36 (b) To be eligible to participate in the CSA program, a parent of  
 37 a career scholarship student or an emancipated career scholarship  
 38 student must agree that:

39 (1) a grant deposited in the career scholarship student's CSA  
 40 account under section 3 of this chapter and any interest that may  
 41 accrue in the CSA account will be used only for the CSA  
 42 qualified expenses;

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5 (3) the parent of the career scholarship student or the  
6 emancipated career scholarship student will use the money in the  
7 CSA account for the career scholarship student to attend one (1)  
8 or more of the sequences, courses, apprenticeships, or programs  
9 of study designated and approved under section 6(a) of this  
10 chapter.

(d) Except as provided under subsection (f), a CSA account must be established under subsection (a) by a parent of a career scholarship student or an emancipated career scholarship student for a school year not later than thirty (30) days after the date that the department approves an application submitted under subsection (a).

24 (1) a certificate of completion under the career scholarship  
25 student's individualized education program; or  
26 (2) an Indiana high school equivalency diploma under  
27 IC 22-4.1-18;

28 the career scholarship student's CSA account is terminated.

29 (f) If:

30 (1) a parent of a career scholarship student or an emancipated  
31 career scholarship student enters into a written agreement with  
32 the department on a form under subsection (a); and

(2) the career scholarship student participates in the ESA program under this article;

35 the parent or emancipated career scholarship student must participate  
36 in the CSA program using the student's ESA account instead of  
37 establishing a CSA account. However, if the student ceases to  
38 participate in the ESA program, the parent of the student or the  
39 emancipated student must establish a CSA account to participate in the  
40 CSA program.

41 SECTION 1~~8~~[9]. IC 20-51.4-4.5-2, AS AMENDED BY  
42 P.L.213-2025, SECTION 221, IS AMENDED TO READ AS

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1       FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An agreement  
 2       entered into under section 1 of this chapter terminates automatically for  
 3       a career scholarship student if:

4       (1) the career scholarship student no longer resides in Indiana  
 5       while the career scholarship student is eligible to receive grants  
 6       under section 3 of this chapter; or  
 7       (2) the CSA account is not renewed within three hundred  
 8       ninety-five (395) days after the date the CSA account was either  
 9       established or last renewed.

10      If a CSA account is terminated under this section, money in the career  
 11     scholarship student's CSA account, including any interest accrued, 1  
 12     reverts does not revert to the state general fund **and remains**  
 13     **available to provide grants to career scholarship students under**  
 14     **this chapter.**

15      (b) An agreement made under section 1 of this chapter for a career  
 16     scholarship student while the career scholarship student is in grades 10  
 17     through 12 may be terminated before the end of the school year if the  
 18     parent of the career scholarship student or the emancipated career  
 19     scholarship student notifies the department in a manner specified by  
 20     the department.

21      (c) A distribution made to a CSA account or ESA account, as  
 22     applicable, under section 3 of this chapter is considered tax exempt as  
 23     long as the distribution is used for:

24       (1) a CSA qualified expense; or  
 25       (2) an ESA qualified expense if the career scholarship student is  
 26       participating in the ESA program.

27      The amount is subtracted from the definition of "adjusted gross  
 28     income" under IC 6-3-1-3.5 to the extent the distribution used for the  
 29     CSA qualified expense or ESA qualified expense, as applicable, is  
 30     included in the taxpayer's adjusted federal gross income under the  
 31     Internal Revenue Code.

32      (d) If a career scholarship student does not have a student test  
 33     number, the department shall establish a student test number as  
 34     described in IC 20-19-3-9.4 for the career scholarship student. The  
 35     department shall provide the department information necessary for the  
 36     department to comply with this subsection.

37      SECTION ~~19~~20. IC 20-51.4-4.5-3, AS AMENDED BY  
 38     P.L.213-2025, SECTION 222, IS AMENDED TO READ AS  
 39     FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A career  
 40     scholarship student who currently maintains a CSA account or an ESA  
 41     account and participates in the CSA program is entitled to an annual  
 42     grant amount for each school year until the student:

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(1) graduates; or  
(2) obtains:  
    (A) a certificate of completion under the student's individualized education program; or  
    (B) an Indiana high school equivalency diploma under IC 22-4.1-18.

(b) A career scholarship student may not receive a grant under this section after graduating, receiving an Indiana high school equivalency diploma, or obtaining a certificate of completion. The CSA annual grant amount shall be paid from the CSA program fund. The department shall deposit the CSA annual grant amount under this section, in quarterly deposits, into a career scholarship student's:  
    (1) CSA account; or  
    (2) ESA account if the student participates in the ESA program; in a manner established by the department.

(c) Except as provided in subsection (d), at the end of the year in which a CSA account is established, the parent of a career scholarship student or the emancipated career scholarship student may roll over for use in a subsequent year a maximum of one thousand dollars (\$1,000). However, for each year thereafter, the parent of the career scholarship student or emancipated eligible student may roll over one thousand dollars (\$1,000) plus any amount rolled over in a previous year.

(d) A career scholarship student's CSA account shall terminate the later of:  
    (1) the date the student graduates high school or obtains an Indiana high school equivalency diploma; or  
    (2) July 1 of the year in which the student graduates high school or obtains an Indiana high school equivalency diploma.

Any money, including interest that remains in the career scholarship student's CSA account when it terminates under this subsection, **reverts does not revert** to the state general fund **and remains available to provide grants to career scholarship students under this chapter**.

SECTION 2~~①~~[1]. IC 20-51.4-4.5-4, AS AMENDED BY P.L.213-2025, SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career scholarship account program fund is established for the purpose of providing grants to career scholarship students under the CSA program.

(b) The department shall administer the CSA program fund.  
(c) The CSA program fund consists of the following:  
    (1) Appropriations by the general assembly.  
    (2) Interest deposited in the CSA program fund under subsection (d).

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1 (d) The treasurer of state shall invest money in the CSA program  
2 fund not currently needed to meet the obligations of the CSA program  
3 fund in the same manner as other public money may be invested.  
4 Interest that accrues from these investments shall be deposited in the  
5 CSA program fund.

6 (e) Money in the CSA program fund at the end of a state fiscal  
7 year ~~reverts~~ does not revert to the state general fund and remains in  
8 the fund for the purposes of the fund.

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